





1051739

For KCC Use ONLY

API # 15 - \_\_\_\_\_

### IN ALL CASES PLOT THE INTENDED WELL ON THE PLAT BELOW

In all cases, please fully complete this side of the form. Include items 1 through 5 at the bottom of this page.

Operator: \_\_\_\_\_

Lease: \_\_\_\_\_

Well Number: \_\_\_\_\_

Field: \_\_\_\_\_

Number of Acres attributable to well: \_\_\_\_\_

QTR/QTR/QTR/QTR of acreage: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Location of Well: County: \_\_\_\_\_

\_\_\_\_\_ feet from  N /  S Line of Section

\_\_\_\_\_ feet from  E /  W Line of Section

Sec. \_\_\_\_\_ Twp. \_\_\_\_\_ S. R. \_\_\_\_\_  E  W

Is Section:  Regular or  Irregular

**If Section is Irregular, locate well from nearest corner boundary.**

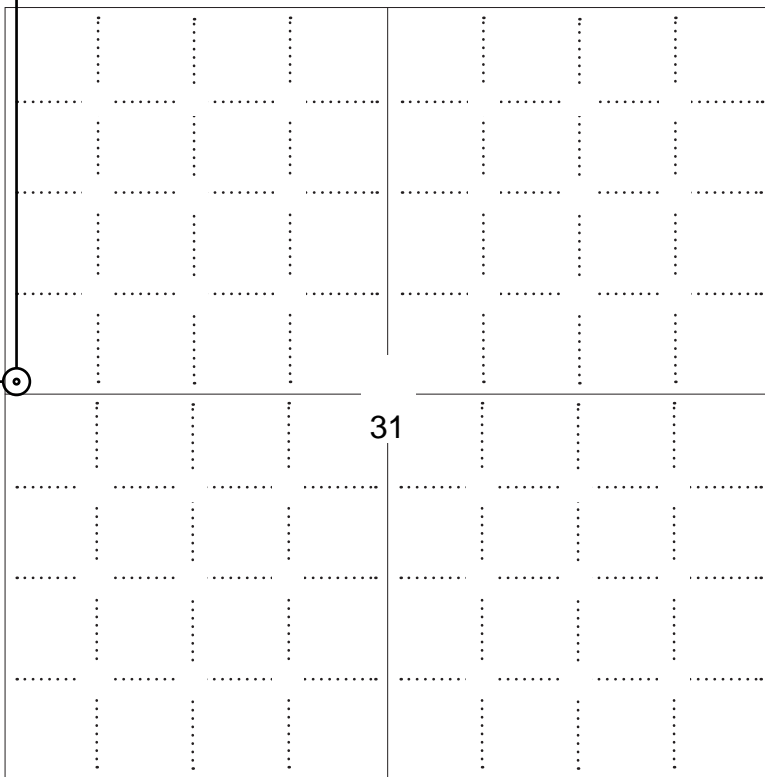
Section corner used:  NE  NW  SE  SW

### PLAT

Show location of the well. Show footage to the nearest lease or unit boundary line. Show the predicted locations of lease roads, tank batteries, pipelines and electrical lines, as required by the Kansas Surface Owner Notice Act (House Bill 2032). You may attach a separate plat if desired.

2560 ft.

75 ft.



### LEGEND

- Well Location
- Tank Battery Location
- Pipeline Location
- Electric Line Location
- Lease Road Location



1980' FSL

SEWARD CO. 3390' FEL

**NOTE: In all cases locate the spot of the proposed drilling locaton.**

#### In plotting the proposed location of the well, you must show:

1. The manner in which you are using the depicted plat by identifying section lines, i.e. 1 section, 1 section with 8 surrounding sections, 4 sections, etc.
2. The distance of the proposed drilling location from the south / north and east / west outside section lines.
3. The distance to the nearest lease or unit boundary line (in footage).
4. If proposed location is located within a prorated or spaced field a certificate of acreage attribution plat must be attached: (C0-7 for oil wells; CG-8 for gas wells).
5. The predicted locations of lease roads, tank batteries, pipelines, and electrical lines.



KANSAS CORPORATION COMMISSION 1051739  
OIL & GAS CONSERVATION DIVISION

Form CDP-1  
May 2010  
Form must be Typed

**APPLICATION FOR SURFACE PIT**

*Submit in Duplicate*

Operator Name: _____		License Number: _____	
Operator Address: _____			
Contact Person: _____		Phone Number: _____	
Lease Name & Well No.: _____		Pit Location (QQQQ): _____-_____-_____-_____	
Type of Pit: <input type="checkbox"/> Emergency Pit <input type="checkbox"/> Burn Pit <input type="checkbox"/> Settling Pit <input type="checkbox"/> Drilling Pit <input type="checkbox"/> Workover Pit <input type="checkbox"/> Haul-Off Pit <i>(If WP Supply API No. or Year Drilled)</i>		Pit is: <input type="checkbox"/> Proposed <input type="checkbox"/> Existing If Existing, date constructed: _____ Pit capacity: _____ (bbls)	
Is the pit located in a Sensitive Ground Water Area? <input type="checkbox"/> Yes <input type="checkbox"/> No		Chloride concentration: _____ mg/l <i>(For Emergency Pits and Settling Pits only)</i>	
Is the bottom below ground level? <input type="checkbox"/> Yes <input type="checkbox"/> No		Artificial Liner? <input type="checkbox"/> Yes <input type="checkbox"/> No	
How is the pit lined if a plastic liner is not used?		_____	
Pit dimensions (all but working pits):    _____ Length (feet)    _____ Width (feet) <input type="checkbox"/> N/A: Steel Pits Depth from ground level to deepest point: _____ (feet) <input type="checkbox"/> No Pit			
If the pit is lined give a brief description of the liner material, thickness and installation procedure.		Describe procedures for periodic maintenance and determining liner integrity, including any special monitoring.	
Distance to nearest water well within one-mile of pit: _____ feet    Depth of water well _____ feet		Depth to shallowest fresh water _____ feet. Source of information: <input type="checkbox"/> measured <input type="checkbox"/> well owner <input type="checkbox"/> electric log <input type="checkbox"/> KDWR	
<b>Emergency, Settling and Burn Pits ONLY:</b> Producing Formation: _____ Number of producing wells on lease: _____ Barrels of fluid produced daily: _____ Does the slope from the tank battery allow all spilled fluids to flow into the pit? <input type="checkbox"/> Yes <input type="checkbox"/> No		<b>Drilling, Workover and Haul-Off Pits ONLY:</b> Type of material utilized in drilling/workover: _____ Number of working pits to be utilized: _____ Abandonment procedure: _____ _____ Drill pits must be closed within 365 days of spud date.	
<p><b>Submitted Electronically</b></p>			

**KCC OFFICE USE ONLY**

Liner     Steel Pit     RFAC     RFAS

Date Received: \_\_\_\_\_ Permit Number: \_\_\_\_\_ Permit Date: \_\_\_\_\_ Lease Inspection:     Yes     No



### CERTIFICATION OF COMPLIANCE WITH THE KANSAS SURFACE OWNER NOTIFICATION ACT

*This form must be submitted with all Forms C-1 (Notice of Intent to Drill); CB-1 (Cathodic Protection Borehole Intent); T-1 (Request for Change of Operator Transfer of Injection or Surface Pit Permit); and CP-1 (Well Plugging Application). Any such form submitted without an accompanying Form KSONA-1 will be returned.*

Select the corresponding form being filed:  C-1 (Intent)  CB-1 (Cathodic Protection Borehole Intent)  T-1 (Transfer)  CP-1 (Plugging Application)

OPERATOR: License # \_\_\_\_\_  
Name: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Phone: ( \_\_\_\_\_ ) \_\_\_\_\_ Fax: ( \_\_\_\_\_ ) \_\_\_\_\_  
Email Address: \_\_\_\_\_

Well Location:  
\_\_\_\_ - \_\_\_\_ - \_\_\_\_ - \_\_\_\_ Sec. \_\_\_\_ Twp. \_\_\_\_ S. R. \_\_\_\_  East  West  
County: \_\_\_\_\_  
Lease Name: \_\_\_\_\_ Well #: \_\_\_\_\_

*If filing a Form T-1 for multiple wells on a lease, enter the legal description of the lease below:*

**Surface Owner Information:**

Name: \_\_\_\_\_  
Address 1: \_\_\_\_\_  
Address 2: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ + \_\_\_\_\_

*When filing a Form T-1 involving multiple surface owners, attach an additional sheet listing all of the information to the left for each surface owner. Surface owner information can be found in the records of the register of deeds for the county, and in the real estate property tax records of the county treasurer.*

*If this form is being submitted with a Form C-1 (Intent) or CB-1 (Cathodic Protection Borehole Intent), you must supply the surface owners and the KCC with a plat showing the predicted locations of lease roads, tank batteries, pipelines, and electrical lines. The locations shown on the plat are preliminary non-binding estimates. The locations may be entered on the Form C-1 plat, Form CB-1 plat, or a separate plat may be submitted.*

**Select one of the following:**

- I certify that, pursuant to the Kansas Surface Owner Notice Act (House Bill 2032), I have provided the following to the surface owner(s) of the land upon which the subject well is or will be located: 1) a copy of the Form C-1, Form CB-1, Form T-1, or Form CP-1 that I am filing in connection with this form; 2) if the form being filed is a Form C-1 or Form CB-1, the plat(s) required by this form; and 3) my operator name, address, phone number, fax, and email address.
- I have not provided this information to the surface owner(s). I acknowledge that, because I have not provided this information, the KCC will be required to send this information to the surface owner(s). To mitigate the additional cost of the KCC performing this task, I acknowledge that I am being charged a \$30.00 handling fee, payable to the KCC, which is enclosed with this form.

*If choosing the second option, submit payment of the \$30.00 handling fee with this form. If the fee is not received with this form, the KSONA-1 form and the associated Form C-1, Form CB-1, Form T-1, or Form CP-1 will be returned.*

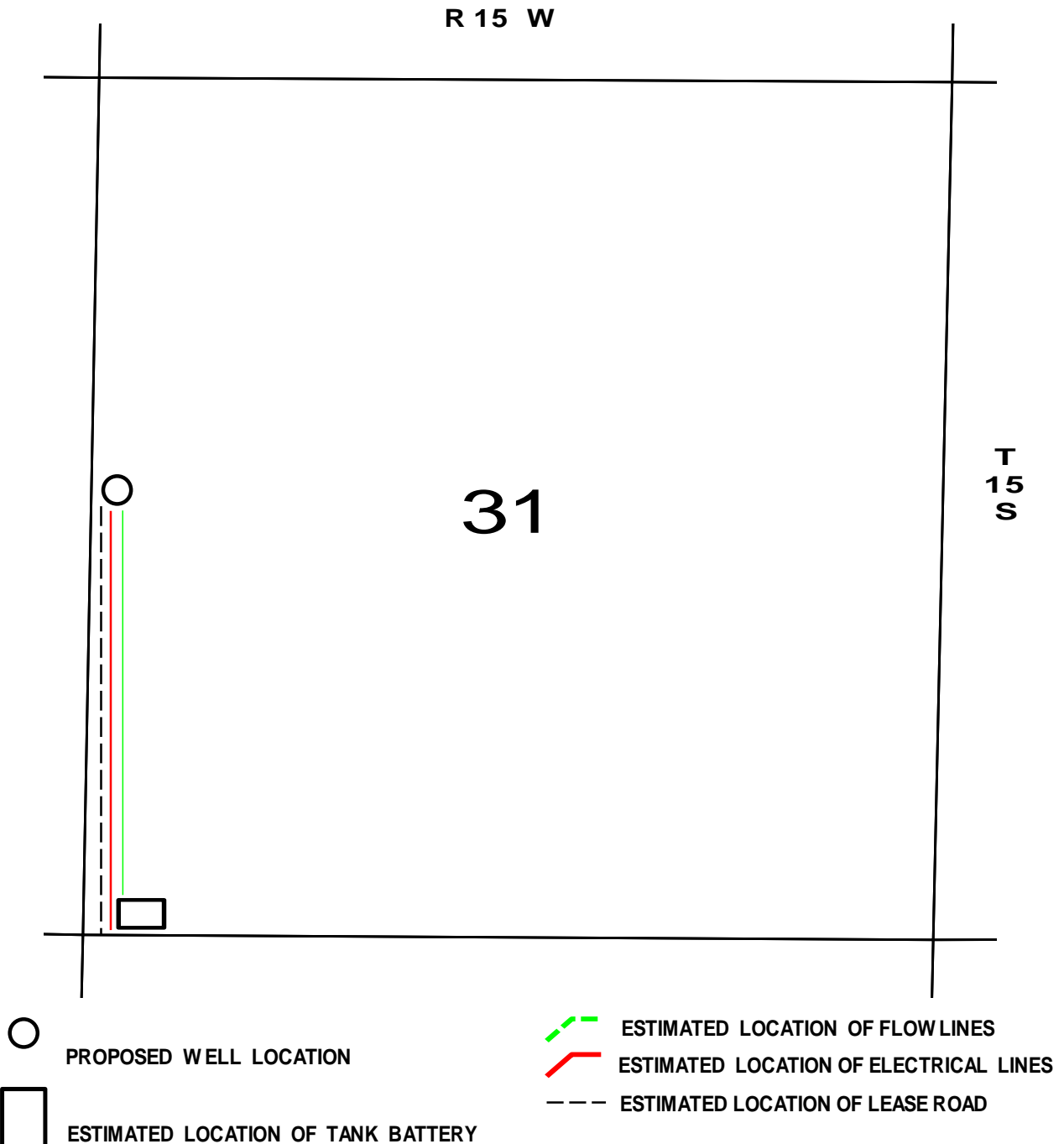
I Submitted Electronically

**OPERATOR :** Samuel Gary Jr & Associates, Inc 1515 Wynkoop Street, Suite 700  
Denver, Colorado 80202 office :303-831-4673 ; fax :303-863-7285

**WELL NAME :** Miller Et Al 1-31

**LOCATION :** 2560 FNL / 75 FWL Sec. 36-15S-15W RUSSELL COUNTY

**SURFACE OWNER :** Mark Miller  
17890 Michaelis Rd Street  
Russell, KS 67665



Memorandum of Lease

THIS MEMORANDUM OF LEASE ("Memorandum") is made and entered into as of **November 22, 2010**, by and between **Mark Miller, a single person**, whose address for the purposes hereof is **17890 Michaelis Road, Russell, Kansas 67665** ("Lessor"), and **High Plains Energy Partners, LLC** whose address for the purposes hereof is **1515 Wynkoop, Suite 700, Denver, Colorado 80202** ("Lessee").

1. **Lease.** For the term and upon the provisions set forth in that Oil and Gas Lease between Lessor and Lessee (the "Agreement"), all of which provisions are specifically made a part hereof as though fully and completely set forth herein, Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, that certain real property (the "Property") located in Russell County, State of Kansas, as more particularly described in Exhibit "A" attached hereto, together with all rights of ingress and egress and all other rights appurtenant to the Property, as more particularly described in the Agreement.
2. **Notice.** This Memorandum is prepared for the purpose of giving notice of the Agreement and in no way modifies the express provisions of the Agreement. Lessor, hereby acknowledges and hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituents products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom the following described lands, together with any reversionary rights and after-acquired interest.
3. **Terms.** Subject to the provisions herein contained, this lease shall remain in force for a term of One (1) year from this date (called "primary term") and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or this lease is otherwise maintained in effect pursuant to the provisions stated in the lease agreement.
4. **Successors and Assigns.** Lessor and Lessee intend that the covenants, conditions, and restrictions contained in the Agreement shall be both personal to Lessor and Lessee and binding on their successors and assigns. Each successive owner of the Property or of any portion thereof, and each person or entity having any interest therein derived through any owner thereof, shall be bound by such covenants, conditions and restrictions.
5. **Counterparts.** This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The work "Lessor" as used in this lease shall mean the party or parties who execute this lease as Lessor, although not named above.

IN WITNESS WHEREOF, this Memorandum of Lease has been executed as of the date first written above.

LESSEE:

LESSOR:

**HIGH PLAINS ENERGY PARTNERS, LLC**

By: \_\_\_\_\_

Craig Ambler, Chief Operating Officer

  
\_\_\_\_\_  
MARK MILLER

**AMENDMENT TO LEASE PROVIDING FOR POOLING-UNITIZATION**

WHEREAS, the undersigned is the record mineral interest owner in an oil and gas lease dated November 22, 2010 from Mark Miller, a single person, lessor to High Plains Energy Partners LLC Lessee, a memorandum of which is recorded in book 214, page 556 Register of Deeds office Russell County Kansas covering the Northwest Quarter (NW/4) of Section Thirty-One (31), Township Fifteen (15) South, Range Fifteen (15) West, Russell County, Kansas, hereinafter referred to as "Miller Lease".

WHEREAS, the parties desire to enter into an amendment to said lease that provides for the unitization and pooling of said lease pursuant to the terms and conditions more particularly hereinafter set forth:

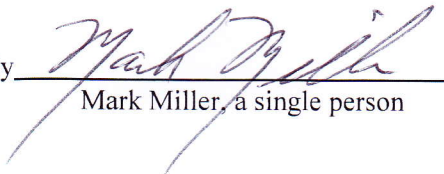
NOW, THEREFORE, in consideration of the premises, the undersigned do hereby agree as follows:

1. That the Miller lease is amended to add the following provision:

Lessee, at its option is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved

IN WITNESS WHEREOF, the undersigned have set their hands the day opposite there signatures.

Date: 3/14/2011

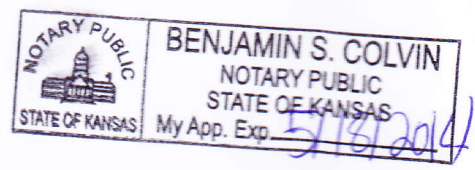
By   
Mark Miller, a single person

STATE OF KS  
COUNTY OF Russell ACKNOWLEDGMENT FOR INDIVIDUAL (KsOkCoNe)

The foregoing instrument was acknowledged before me this 14th day of March, 2011 by Mark Miller, a single person.

My commission expires May 18, 2014

B S Colvin  
Notary Public





**EXHIBIT "A" TO MEMORANDUM OF LEASE**  
**LEGAL DESCRIPTION OF PROPERTY**

**ATTACHED TO AND MADE A PART OF THAT CERTAIN MEMORANDUM OF LEASE** dated November 22, 2010, by and between Mark Miller, a single person as Landowner, and High Plains Energy Partners, LLC as Lessee.

All that real property located in Russell County, Kansas, described as follows:

That certain tract or parcel of land estimated to contain approximately **164.00 acres**, more or less, and being described as the Northwest Quarter (NW/4) of Section 31, Township 15 South, Range 15 West, Russell County, Kansas.

It is the intention of this lease to cover and include any mineral interest which the Lessor may own in and to the above described tract, including streets, roads, canals, drainage ditches, rights of way or other servitudes, including, but not limited to, any reversionary interest which Lessor may acquire in the same, by prescription of nonuse.

# OIL AND GAS LEASE

AGREEMENT, Made and entered into the 22nd day of November 2010

by and between MARK MILLER, a single person

whose mailing address is 17890 Michaelis Road, Russell, Kansas 67665 hereinafter called Lessor (whether one or more),  
and High Plains Energy Partners, LLC  
1515 Wynkoop Street, Suite 700, Denver, CO 80202, hereinafter called Lessee:

Lessor, in consideration of Ten and Other Valuable Considerations Dollars (\$ 10.00) in hand paid, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, ~~and maintaining and otherwise saving from its employees~~, the following described land, together with any reversionary rights and after-acquired interest,

therein situated in County of Russell State of Kansas described as follows to-wit:

**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR PROPERTY DESCRIPTION.**

In Section 31 Township 15 South Range 15 West and containing 164.00 acres, more or less, and all accretions thereto,

Subject to the provisions herein contained, this lease shall remain in force for a term of One (1) year from this date (called "primary term") and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land ~~and~~ or this lease is otherwise maintained in effect pursuant to the provisions hereof.

In consideration of the premises the said Lessee covenants and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal 1/8 part of all oil produced and saved from the leased premises.

2nd. To pay Lessor for gas, (including casinghead gas) of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, 1/8, at the market price at the well, (but, as to gas sold by Lessee, in no event more than 1/8 of the net proceeds received by Lessee from such sales, such net proceeds to be less a proportionate part of the production, severance, or other excise taxes and the cost incurred by Lessee in delivering, treating for the removal of nitrogen, helium or other impurities in the gas, processing, compressing, or otherwise making any such gas merchantable) for the gas sold, or in the manufacture of products therefrom, said payments to be made monthly.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled or unitized therewith; and operations shall be considered to be continuously prosecuted if not more than one hundred and twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the leased premises or on acreage pooled or unitized therewith, the production should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within one hundred and twenty (120) days from the date of cessation of production or from the date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations, this lease shall continue in full force and effect so long as oil or gas is produced from the leased premises or on acreage pooled or unitized therewith.

If after the primary term one or more wells on the lease premises ~~are capable of producing oil or gas or other substances covered hereby~~ are capable of producing oil or gas or other substances covered hereby, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing for the purpose of maintaining the lease. If for a period of ninety (90) consecutive days such well or wells are shut in or production therefrom is not sold by Lessee, the Lessee shall pay an aggregate shut-in royalty of One Dollar (\$1.00) per acre then covered by this lease, such payment to be made to Lessor on or before the anniversary date of this lease next ensuing after the expiration of the said ninety (90) day period and thereafter on or before each anniversary date of this lease while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee from another well on the leased premises or lands pooled or unitized therewith, no shut-in royalty shall be due until the end of the next following anniversary date of this lease that cessation of such operations or production occurs, as the case may be. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the wells of Lessor.

When requested by Lessor, Lessee shall bury Lessee's pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the Lessee until after the Lessee has been furnished with a written transfer or assignment or a true copy thereof. In case Lessee assigns this lease, in whole or in part, Lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas or other substance covered hereby. When drilling, reworking, production or other operations or obligations under this lease are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood or other act of nature, explosion, governmental action, governmental delay, restraint or inaction, or by inability to obtain a satisfactory market for production, or failure of purchasers or carriers to take or transport such production, or by any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within control of Lessee, this lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provision or implied covenants of this lease when drilling, production, or other operations are so prevented or delayed.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time to redeem for Lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor, and be subrogated to the rights of the holder thereof, and the undersigned Lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

~~Lessor agrees to give written notice to Lessee, if, during the primary term of this lease, Lessor receives a bona fide offer which Lessor is willing to accept from any party offering to purchase from Lessor a lease covering any or all of the substances covered by this lease and covering all or a portion of said land herein, with the lease becoming effective upon expiration of the term. Lessee hereby agrees to notify Lessor in writing of said offer immediately, including in the notice the name and address of the offeror, the price offered and all other pertinent terms and conditions of the offer. Lessee, for a period of fifteen days after receipt of the notice, shall have the prior and preferred right and option to purchase the lease or part thereof or interest therein, covered by the offer at the price and according to the terms and conditions specified in the offer. All offers made up to and including the last day of the primary term of this lease shall be subject to the terms and conditions of this paragraph. Should Lessee elect to purchase the lease pursuant to the terms herein, it shall so notify Lessor in writing by mail or telegram prior in expiration of said 15-day period. Lessee shall promptly thereafter furnish to Lessor the new lease for execution on behalf of Lessor along with Lessee's collection draft payable to Lessor in payment of the specified amount as consideration for the new lease, such draft being subject only to approval of title according to the terms thereof. Upon receipt thereof, Lessor shall promptly execute said lease and return the same along with the endorsed draft to Lessee's representative or through Lessor's bank of record for payment.~~

This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The word "Lessor" as used in this lease shall mean the party or parties who execute this lease as Lessor, although not named above.

Lessee shall have the exclusive right to explore the land herein described by geological, geophysical or other methods, whether similar to those herein specified or not and whether now known or not, including the drilling of holes, use of torsion balance, seismograph explosions, magnetometer, or other geophysical or geological instruments, tests or procedures, for the purpose of securing geological and geophysical information. All information obtained by Lessee as a result of such activity shall be the exclusive property of Lessee, and Lessee may disseminate or sell such information without Lessor's consent. ~~Lessor and Lessee herein agree that a portion of the consideration paid herein is for advance payment of usual and customary damages associated with seismograph operations (i.e. tire tracks in the wheat pasture or field, road use, compaction, etc.). If any extraordinary damages should occur, at Lessee's discretion, Lessor or its tenant (if Lessor has a tenant) will be compensated accordingly, or Lessee may elect to repair the damages in lieu of compensation.~~

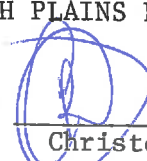
Lessor (and Lessee) herein agree to less and except from the terms of this Oil and Gas Lease any currently existing oil and/or gas well(s), bore hole(s) or other related facilities located on the hereinabove described lease premises. Lessor further agrees that Lessee shall not be liable nor shall Lessee have the obligation to plug and abandon any of said existing oil and/or gas wells(s), bore hole(s) or related facilities.

**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ADDITIONAL TERMS AND PROVISIONS.**

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

  
MARK MILLER

HIGH PLAINS ENERGY PARTNERS, LLC

By:   
Christopher Colvin

Mark Miller – High Plains Energy Partners, LLC  
Oil and Gas Lease  
NW/4 31-15-15 Russell County, Kansas

**EXHIBIT "A"**

Attached to and made a part of that certain Oil and Gas Lease dated November 22, 2010, by and between MARK MILLER, as Lessor, and High Plains Energy Partners, LLC, as Lessee.

**PROPERTY DESCRIPTION:**

**TOWNSHIP 15 SOUTH – RANGE 15 WEST**

**SECTION 31:**

That certain tract or parcel of land estimated to contain **164.00 acres**, more or less, and being described as the Northwest Quarter (NW/4) of Section 31, Township 15 South, Range 15 West, Russell County, Kansas.

It is the intention of this lease to cover and include any mineral interest which the Lessor may own in and to the above described tract, including streets, roads, canals, drainage ditches, rights of way or other servitudes, including, but not limited to, and reversionary interest which Lessor may acquire in the same, by prescription of nonuse.

**ADDITIONAL TERMS AND PROVISIONS:**

1. The provisions of this EXHIBIT "A" shall control and supersede the terms of the attached oil and gas lease when such terms conflict.
2. Lessee shall bury and maintain all pipelines below ordinary plow depth (36").
3. Lessee shall pay all damages, caused by Lessee's operations hereunder to crops, including grass, and restore as nearly as practical, said premises to the same conditions and contour as previously existed, upon termination of this lease.

4. **LEASE RENTALS/PAYMENT:**

- a. **FOR CLARIFICATION:** Lessor, Mark Miller, represents that he owns an undivided one-half (1/2) interest of the oil, gas and minerals in and under the above described real estate. In most instances, Mark Miller, would be entitled to an undivided one-half (1/2) interest of the landowners normal one-eighth (1/8) royalty or a .0625 net revenue interest. However, Lessee's have agreed to grant to Mark Miller, as *additional consideration, to induce him to sign this Oil and Gas Lease*, an additional .0625 net revenue interest in and to the total net revenue interest derived from the total production from and attributable to this Oil and Gas Lease. IT is acknowledged that this additional .0625 interest granted to Mark Miller would be derived from the Lessee's working interest share of said Oil and Gas Lease, and would be similar to an Overriding Royalty Interest of .0625 interest. By reason thereof, Lessor, Mark Miller, shall be granted and receive a total .125 net revenue interest and share of all oil and gas proceeds attributable to the above described Oil and Gas Lease, free of all costs whatsoever, and not subject to any working interest or other expenses attributable to the interests conveyed to him. Lessee acknowledges that this agreement, conveyance and assignment will reduce the total net revenue interest Lessee will receive for their working interest share and to said Oil and Gas Lease.

It is the intent of Lessor and Lessee that this provision remain a part of all future conveyances pertaining to this lease.

## OIL AND GAS LEASE

AGREEMENT, Made and entered into this 30th day of June, 2010  
Sandra B. Leas Revocable Trust, dated October 17, 2008, J. Michael Leas, Christopher Leas and Ryan D. Leas Successor Co-Trustees, whose mailing address is 2914 Willow St., Hays, KS 67601 hereinafter called Lessor (whether one or more),  
And High Plains Energy Partners, LLC, 1515 Wynkoop, Suite 700, Denver, CO 80202 hereinafter called Lessee.

Lessor, in consideration of Ten and Other Valuable Considerations Dollars (\$ 10.00 ) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, ~~and housing and otherwise caring for its employees~~, the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Russell State of Kansas, described as follows to-wit:

## The Northwest Quarter (NW/4)

of Section 31 Township 15 South Range 15 West and containing 160.00 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees:

1<sup>st</sup> To deliver to the credit of lessor, free of cost, in the pipeline to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2<sup>nd</sup> To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessee.

~~When requested by lessor:~~ Lessee shall bury lessee's pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor and/or landowner.

Lessee shall pay for damages caused by lessee's operations to growing crops and grass on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing, provided the well is properly closed, structures and power lines are removed, environmental hazard or contamination is removed, and land is returned to its original condition as nearly as is reasonably possible.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the executors, administrators, successors or assigns shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessor, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do in order properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

Lessee agrees not to transfer operations of this lease without Lessor's written approval, but such approval shall not be unreasonably withheld. Lessee agrees to hold Lessor harmless regarding Lessee's or Transferee's operations.

Lessor and/or landowner must be notified at least twenty-four (24) hours prior to Lessee's entry onto the property and shall control routes of ingress and egress, including permanent lease roads.

Lessee shall not drill a well or wells closer than 200 feet from any presently existing ponds or springs on said real estate measured from the full level line of such ponds.

Lessee shall construct a dike or other barrier around any tank battery with an emergency pit sufficient to contain any overflow or leaks.

All permanent lease roads must be approved by Lessors and no oil shall be allowed on any roads which drain into streams, ponds, or other waterways.

Any tank battery shall be located where Lessors and Lessee shall mutually agree but in no event where it can drain into streams, ponds, or other waterways.

All drilling, completion and production activities shall be conducted in full compliance with all environmental rules and regulations of the Kansas Corporation Commission.

Lessee shall construct appropriate fences and other barriers around pumping unit, tank batteries, disposal wells and other property which it locates on the leased premises in order to prevent injury to livestock and shall further install appropriate gates and cattle guards where necessary.

Lessee is hereby granted the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$25.00 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of five (5) years.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

J. Michael Leas  
J. Michael Leas, Successor Co-Trustee

Christopher Leas  
Christopher Leas, Successor Co-Trustee

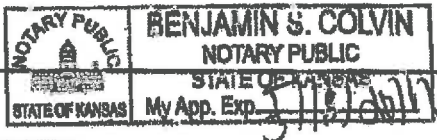
Ryan D. Leas  
Ryan D. Leas, Successor Co-Trustee

STATE OF Kansas

COUNTY OF Ellis

The foregoing instrument was acknowledged before me this 30 day of June 2010  
By J. Michael Leas and Ryan D. Leas

My commission expires May 18, 2014 [Signature]  
Notary Public

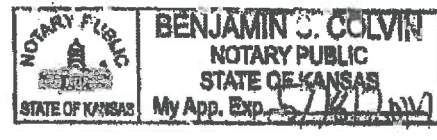


STATE OF Kansas

COUNTY OF Ellis

The foregoing instrument was acknowledged before me this 30 day of June 2010  
By Christopher Leas

My commission expires May 18, 2014 [Signature]  
Notary Public



Computer   
Numerical \_\_\_\_\_  
Misc. \_\_\_\_\_



State of Kansas, Russell County, ss  
This instrument filed for record  
October 11, 2010  
8:15 A M. Recorded in  
Book 214 Page 182-183  
*Dee Ann Matheson*  
Register of Deeds  
\$12.00

**OIL AND GAS LEASE**

AGREEMENT, Made and entered into this 29th day of May, 2010  
by Margery F. Enke and Larry E. Enke wife and husband  
whose mailing address is 10220 NE Frontage Road, Wellington, Colorado 80549 hereinafter called Lessor (whether one or more);  
and High Plains Energy Partners, LLC, 1515 Wynkoop, Suite 700, Denver, CO 80202 hereinafter called Lessee.

Lessor, in consideration of Ten and Other Valuable Considerations Dollars (\$ 10.00 ) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, ~~and housing and otherwise caring for its employees,~~ the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Russell State of Kansas described as follows to-wit:

**The Northwest Quarter (NW/4)**

of Section 31 Township 15 South Range 15 West and containing 160 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees:

1<sup>st</sup> To deliver to the credit of lessor, free of cost, in the pipeline to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2<sup>nd</sup> To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

~~When requested by lessor,~~ Lessee shall bury lessee's pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor and/or landowner.

Lessee shall pay for damages caused by lessee's operations to growing crops and grass on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing, provided the well is properly closed, structures and power lines are removed, environmental hazard or contamination is removed, and land is returned to its original condition as nearly as is reasonably possible.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the executors, administrators, successors or assigns shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessor, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do in order properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.

Lessee agrees not to transfer or conditions of this lease without Lessor's written approval, but such approval shall not be unreasonably withheld. Lessee agrees to hold Lessor harmless regarding Lessee's or Transferee's operations.

Lessor and/or landowner must be notified at least twenty-four (24) hours prior to Lessee's entry onto the property and shall control routes of ingress and egress, including permanent lease roads.

Lessee shall not drill a well or wells closer than 200 feet from any presently existing ponds or springs on said real estate measured from the full level line of such ponds.

Lessee shall construct a dike or other barrier around any tank battery with an emergency pit sufficient to contain any overflow or leaks.

All permanent lease roads must be approved by Lessors and no oil shall be allowed on any roads which drain into streams, ponds, or other waterways.

Any tank battery shall be located where Lessors and Lessee shall mutually agree but in no event where it can drain into streams, ponds, or other waterways.

All drilling, completion and production activities shall be conducted in full compliance with all environmental rules and regulations of the Kansas Corporation Commission.

Lessee shall construct appropriate fences and other barriers around pumping unit, tank batteries, disposal wells and other property which it locates on the leased premises in order to prevent injury to livestock and shall further install appropriate gates and cattle guards where necessary.

Lessee is hereby granted the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$25.00 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of five (5) years.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

Witnesses:

Witness lines with signatures of Margery F. Enke and Larry E. Enke.

STATE OF Colorado

COUNTY OF Denver

The foregoing instrument was acknowledged before me this 14th day of June 2010

By Margery F. Enke and Larry E. Enke

My commission expires [Signature]



STATE OF \_\_\_\_\_

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_ 2010

By Larry E. Enke

My commission expires \_\_\_\_\_

Notary Public

### OIL AND GAS LEASE

AGREEMENT, Made and entered into this 29th day of June, 2010 by Candace M. Ball, a single person, whose mailing address is 8306 Highway 21 Hillsboro, Missouri 63050 hereinafter called Lessor (whether one or more), And High Plains Energy Partners, LLC, 1515 Wynkoop, Suite 700, Denver, CO 80202, hereinafter called Lessee.

Lessor, in consideration of Ten and Other Valuable Considerations Dollars (\$ 10.00 ) in hand paid, receipt of which is here acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of, treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, ~~and housing and otherwise caring for its employees,~~ the following described land, together with any reversionary rights and after-acquired interest, therein situated in County of Russell State of Kansas, described as follows to-wit:

#### The Northwest Quarter (NW/4)

of Section 31 Township 15 South Range 15 West and containing 160.00 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term"), and as long thereafter as oil, liquid hydrocarbons, gas or their respective constituent products, or any of them is produced from said land or land with which said land is pooled.

In consideration of the premises the said lessee covenants and agrees:

1<sup>st</sup> To deliver to the credit of lessor, free of cost, in the pipeline to which lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2<sup>nd</sup> To pay lessor for gas of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by lessee, in no event more than one-eighth (1/8) of the proceeds received by lessee from such sales), for the gas sold, used off the premises, or in the manufacture of products therefrom said payments to be made monthly. Where gas from a well producing gas only is not sold or used, lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the preceding paragraph.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them be found in paying quantities, this lease shall continue and be in force with like effect as if such well had been completed within the term of years first mentioned.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

~~When requested by lessor,~~ Lessee shall bury lessee's pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor and/or landowner.

Lessee shall pay for damages caused by lessee's operations to growing crops and grass on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing, provided the well is properly closed, structures and power lines are removed, environmental hazard or contamination is removed, and land is returned to its original condition as nearly as is reasonably possible.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the executors, administrators, successors or assigns shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessor, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do in order properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The entire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.



Lessee agrees not to transfer operations of this lease without Lessor's written approval, but such approval shall not be unreasonably withheld. Lessee agrees to hold Lessor harmless regarding Lessee's or Transferee's operations.

Lessor and/or landowner must be notified at least twenty-four (24) hours prior to Lessee's entry onto the property and shall control routes of ingress and egress, including permanent lease roads.

Lessee shall not drill a well or wells closer than 200 feet from any presently existing ponds or springs on said real estate measured from the full level line of such ponds.

Lessee shall construct a dike or other barrier around any tank battery with an emergency pit sufficient to contain any overflow or leaks.

All permanent lease roads must be approved by Lessors and no oil shall be allowed on any roads which drain into streams, ponds, or other waterways.

Any tank battery shall be located where Lessors and Lessee shall mutually agree but in no event where it can drain into streams, ponds, or other waterways.

All drilling, completion and production activities shall be conducted in full compliance with all environmental rules and regulations of the Kansas Corporation Commission.

Lessee shall construct appropriate fences and other barriers around pumping unit, tank batteries, disposal wells and other property which it locates on the leased premises in order to prevent injury to livestock and shall further install appropriate gates and cattle guards where necessary.

Lessee is hereby granted the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$25.00 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of five (5) years.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

*Candace M. Ball*  
Candace M. Ball, a single person

STATE OF Mo

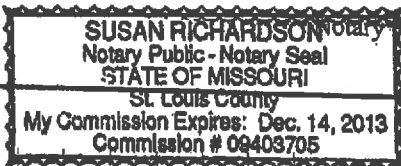
COUNTY OF St. Louis

The foregoing instrument was acknowledged before me this 9th day of July 2010

By Candace M. Ball

My commission expires 12-14-13

*Susan Richardson*



No. \_\_\_\_\_  
**OIL AND GAS LEASE**

FROM

TO

Date \_\_\_\_\_  
Section \_\_\_\_\_ Twp. \_\_\_\_\_ Rge. \_\_\_\_\_  
No. of Acres \_\_\_\_\_ Term \_\_\_\_\_  
County \_\_\_\_\_

STATE OF \_\_\_\_\_  
County \_\_\_\_\_

This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded in Book \_\_\_\_\_ Page \_\_\_\_\_ of the records of this office.

Register of Deeds.

By \_\_\_\_\_

When recorded, return to \_\_\_\_\_

Computer \_\_\_\_\_  
Numerical \_\_\_\_\_  
Misc. \_\_\_\_\_



### Memorandum of Lease

THIS MEMORANDUM OF LEASE ("Memorandum") is made and entered into as of **August 3, 2010**, by and between **Dennis J. Hopkins**, whose address for the purposes hereof is **4120 Marshall Road Rock Hill, SC 29730** ("Lessor"), and **High Plains Energy Partners, LLC** whose address for the purposes hereof is **1515 Wynkoop, Suite 700, Denver, Colorado 80202** ("Lessee").

- Lease.** For the term and upon the provisions set forth in that Oil and Gas Lease between Lessor and Lessee (the "Agreement"), all of which provisions are specifically made a part hereof as though fully and completely set forth herein, Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, that certain real property (the "Property") located in the Counties of Barton, Rush and Russell, State of Kansas, as more particularly described in Exhibit A attached hereto, together with all rights of ingress and egress and all other rights appurtenant to the Property, as more particularly described in the Agreement.
- Notice.** This Memorandum is prepared for the purpose of giving notice of the Agreement and in no way modifies the express provisions of the Agreement. Lessor, hereby acknowledges and hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom the following described lands, together with any reversionary rights and after-acquired interest.
- Term.** Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) years from this date (called "primary term") and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or lands pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions stated in the lease agreement.
- Successors and Assigns.** Lessor and Lessee intend that the covenants, conditions, and restrictions contained in the Agreement shall be both personal to Lessor and Lessee and binding on their successors and assigns. Each successive owner of the Property or of any portion thereof, and each person or entity having any interest therein derived through any owner thereof, shall be bound by such covenants, conditions and restrictions for the benefit of the Property.
- Counterparts.** This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The word "Lessor" as used in this lease shall mean the party or parties who execute this lease as Lessor, although not named above.

IN WITNESS WHEREOF, this Memorandum of Lease has been executed as of the date first written above.

LESSEE:

**HIGH PLAIN ENERGY PARTNERS, LLC**

By: \_\_\_\_\_

Craig Ambler, Chief Operating Officer

LESSOR:

\_\_\_\_\_  
DENNIS J. HOPKINS

BOOK 214 PAGE 0024

State of Kansas, Russell County, ss  
This instrument filed for record  
September 3, 2010  
12:45 P M. Recorded in  
Book 214 Page 24-26

\_\_\_\_\_  
Kee Ann Mathewson  
Register of Deeds  
\_\_\_\_\_  
Tonda Park  
deputy

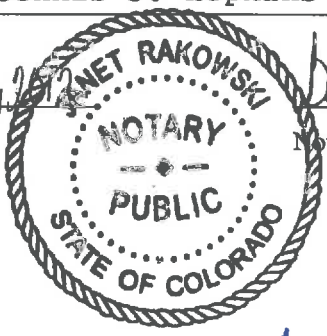
STATE OF North Carolina

COUNTY OF Rocky Mountain

The foregoing instrument was acknowledged before me this 26<sup>th</sup> day of August

by [Signature], 2010 Dennis J. Hopkins

My commission expires March 25, 2012 [Signature] Notary Public



STATE OF Colorado

COUNTY OF Denver

The foregoing instrument was acknowledged before me this 2<sup>nd</sup> day of September

by Craig Ambler, 2010

My commission expires 6/5/13 [Signature] Notary Public



My Commission Expires 06/05/2013

No. \_\_\_\_\_

**OIL AND GAS LEASE**

FROM \_\_\_\_\_

TO \_\_\_\_\_

Date \_\_\_\_\_

Section \_\_\_\_\_ Twp. \_\_\_\_\_ Rgc. \_\_\_\_\_

No. of Acres \_\_\_\_\_ Term \_\_\_\_\_

County \_\_\_\_\_

STATE OF \_\_\_\_\_

County \_\_\_\_\_

This instrument was filed for record on the \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock \_\_\_\_\_ M., and duly recorded in Book \_\_\_\_\_ Page \_\_\_\_\_ of the records of this office.

By \_\_\_\_\_ Register of Deeds.

When recorded, return to \_\_\_\_\_

Samuel Gary Jr. & Associates, Inc.  
1515 Wynkoop St., Ste. 700, Denver, CO 80202

STATE OF \_\_\_\_\_

BOOK 214 PAGE 0025

**EXHIBIT A TO MEMORANDUM OF LEASE**  
**LEGAL DESCRIPTION OF PROPERTY**

**ATTACHED TO AND MADE A PART OF THAT CERTAIN MEMORANDUM OF LEASE** dated August 3, 2010, by and between **Dennis J. Hopkins** as Landowner, and High Plains Energy, LLC as Lessee.

All that real property located in Barton, Rush, Russell Counties, Kansas, described as follows:

That certain tract or parcel of land estimated to contain **160.00 acres**, more or less, and being described as the Northeast Quarter (NE/4) of Section 6, Township 16 South, Range 15 West, Barton County, Kansas.

That certain tract or parcel of land estimated to contain **240.00 acres**, more or less, and being described as the Southwest Quarter (SW/4) and the West Half of the Northwest Quarter (W/2 of the NW/4) of Section 14, Township 16 South, Range 16 West, Rush County, Kansas.

That certain tract or parcel of land estimated to contain **160.00 acres**, more or less, and being described as the Northeast Quarter (NE/4) of Section 15, Township 16 South, Range 16 West, Rush County, Kansas.

That certain tract or parcel of land estimated to contain **160.00 acres**, more or less, and being described as the Southeast Quarter (SE/4) of Section 31, Township 15 South, Range 15 West, Russell County, Kansas.

That certain tract or parcel of land estimated to contain **160.00 acres**, more or less, and being described as the West Half of the Southwest Quarter (W/2 of the SW/4) and the Southeast Quarter of the Southwest Quarter (SE/4 of the SW/4) and the Southwest Quarter of the Southeast Quarter (SW/4 of the SE/4) of Section 32, Township 15 South, Range 15 West, Russell County, Kansas.

Total aggregate of all tracts herein described **880.00 acres**, more or less.

BOOK 214 PAGE 0026

63U (Rev. 1993)

## OIL AND GAS LEASE

AGREEMENT, Made and entered into the 3rd day of August

2010

by and between DENNIS J. HOPKINS

whose mailing address is 4120 Marshall Road, Rock Hill, South Carolina 29730 hereinafter called Lessor (whether one or more),  
and HIGH PLAINS ENERGY PARTNERS, LLC  
1670 Broadway, Suite 3300, Denver, CO 80202 hereinafter called Lessee:

Lessor, in consideration of Ten and Other Valuable Considerations Dollars (\$ 10.00 ) in hand paid, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest,

therein situated in County of Russell State of Kansas described as follows to-wit:

## SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR PROPERTY DESCRIPTION.

In Section 31 Township 15 South Range 15 West and containing 160.00 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Two (2) years from this date (called "primary term") and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal 15.625% part of all oil produced and saved from the leased premises.

2nd. To pay Lessor for gas, (including casinghead gas) of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, 15.625% at the market price at the well, (but, as to gas sold by Lessee, in no event more than 15.625% of the net proceeds received by Lessee from such sales, such net proceeds to be less a proportionate part of the production, severance, or other excise taxes and the cost incurred by Lessee in delivering, treating for the removal of nitrogen, helium or other impurities in the gas, processing, compressing, or otherwise making any such gas merchantable) for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled or unitized therewith; and operations shall be considered to be continuously prosecuted if not more than one hundred and twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the leased premises or on acreage pooled or unitized therewith, the production should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within one hundred and twenty (120) days from the date of cessation of production or from the date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations, this lease shall continue in full force and effect so long as oil or gas is produced from the leased premises or on acreage pooled or unitized therewith.

If after the primary term one or more wells on the lease premises or lands pooled or unitized therewith are capable of producing oil or gas or other substances covered hereby, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing for the purpose of maintaining the lease. If for a period of ninety (90) consecutive days such well or wells are shut in or production therefrom is not sold by Lessee, the Lessee shall pay an aggregate shut-in royalty of One Dollar (\$1.00) per acre then covered by this lease, such payment to be made to Lessor on or before the anniversary date of this lease next ensuing after the expiration of the said ninety (90) day period and thereafter on or before each anniversary date of this lease while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee from another well on the leased premises or lands pooled or unitized therewith, no shut-in royalty shall be due until the end of the next following anniversary date of this lease that cessation of such operations or production occurs, as the case may be. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in royalties) herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

When requested by lessor, lessee shall bury lessee's pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for damages caused by lessee's operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas or other substance covered hereby. When drilling, reworking, production or other operations or obligations under this lease are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood or other act of nature, explosion, governmental action, governmental delay, restraint or inaction, or by inability to obtain a satisfactory market for production, or failure of purchasers or carriers to take or transport such production, or by any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within control of Lessee, this lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provision or implied covenants of this lease when drilling, production, or other operations are so prevented or delayed.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool, unitize or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling or unitization to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled or unitized acreage. The entire acreage so pooled or unitized into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled or unitized acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled or unitized in the particular unit involved.

This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The word "Lessor" as used in this lease shall mean the party or parties who execute this lease as Lessor, although not named above.

Lessee shall have the exclusive right to explore the land herein described by geological, geophysical or other methods, whether similar to those herein specified or not and whether now known or not, including the drilling of holes, use of torsion balance, seismograph explosions, magnetometer, or other geophysical or geological instruments, tests or procedures, for the purpose of securing geological and geophysical information. All information obtained by Lessee as a result of such activity shall be the exclusive property of Lessee, and Lessee may disseminate or sell such information without Lessor's consent. Lessor and Lessee herein agree that a portion of the consideration paid herein is for advance payment of usual and customary damages associated with seismograph operations (ie: tire tracks in the wheat, pasture or field, road use, compaction etc.) If any extraordinary damages should occur, at Lessor's discretion, Lessor or its tenant (if Lessor has a tenant) will be compensated accordingly, or Lessee may elect to repair the damages in lieu of compensation.

## SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ADDITIONAL TERMS AND PROVISIONS.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

Witnesses:

  
DENNIS J. HOPKINS

**EXHIBIT "A"**

Attached to and made a part of that Certain Oil and Gas Lease dated August 3, 2010, by and between, DENNIS J. HOPKINS, as Lessor, and HIGH PLAINS ENERGY PARTNERS, LLC, as Lessee.

**PROPERTY DESCRIPTION:**

**TOWNSHIP 15 SOUTH – RANGE 15 WEST**

**SECTION 31:**

That certain tract or parcel of land estimated to contain **160.00 acres**, more or less, and being described as the Southwest Quarter (SW/4) of Section 31, Township 15 South, Range 15 West, Russell County, Kansas.

It is the intention of this lease to cover and include any mineral interest which the Lessor may own in and to the above described tract, including streets, roads, canals, drainage ditches, rights of way or other servitudes, including, but not limited to, any reversionary interest which Lessor may acquire in the same, by prescription of non use.

**ADDITIONAL TERMS AND PROVISIONS:**

1. The provisions of this EXHIBIT "A" shall control and supersede the terms of the attached oil and gas lease when such terms conflict.
2. Lessee shall bury and maintain all pipelines below ordinary plow depth (36").
3. Lessee shall pay all damages, caused by Lessee's operations hereunder to crops, including grass, and restore as nearly as practical, said premises to the same conditions and contour as previously existed, upon termination of this lease.
4. Lessee shall not conduct its operations during Upland Game Bird season (typically November through January) as defined by the Kansas Department of Wildlife and Parks without prior consent from Lessor, which consent shall not be unreasonable withheld.
5. In addition to the other provisions set forth herein, it is agreed and understood, the Lessee shall pay all damages caused by Lessee in investigating, exploring by geophysical and other means, drilling or operating for production of oil or gas upon the subject land that is enrolled in the Conservation Reserve Program including but not limited to all liquidated damages, all repayment of annual payments, all repayment of cost share for cover crop, all repayments for cost share for grass seed and planting thereof, and any and all payments of penalty or interest together with all loss of payments through the Conservation Reserve Program. These payments would be in addition to other damage provisions provided in this lease.
6. **COST-FREE ROYALTY**  
Lessor's royalty shall be calculated free and clear of costs and expenses for exploration, drilling, development and production including, but not limited to, dehydration, storage, compression, separation by mechanical means and product stabilization incurred prior to the production leaving the leased premises or lands pooled therewith. Lessor's royalty shall bear its proportionate share of ad valorem taxes and production, severance, or other excise taxes and the actual, reasonable costs incurred by Lessee to transport, compress, process, stabilize, gather or treat the production off the leased premises or any lands pooled therewith.
7. Lessee herein agrees to consult with both landowner and tenant prior to commencement of operations on said property.

63U (Rev. 1993)

## OIL AND GAS LEASE

Photo MMA  
 Direct MA  
 In Direct MA  
 Permitted MA  
 Checked MA

AGREEMENT, Made and entered into the 1st day of August 2006

by and between DENNIS BOXBERGER, a single person  
 whose mailing address is 3079 Countyline Rd., Otis, KS 67565 hereinafter called Lessor (whether one or more),  
 and Samuel Gary Jr. & Associates, Inc  
1670 Broadway, Suite 3300, Denver, CO 80202 hereinafter called Lessee:

Lessor, in consideration of Ten and Other Valuable Considerations Dollars (\$ 10.00) in hand paid, receipt of which is hereby acknowledged and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring by geophysical and other means, prospecting drilling, mining and operating for and producing oil, liquid hydrocarbons, all gases, and their respective constituent products, injecting gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, power stations, telephone lines, and other structures and things thereon to produce, save, take care of treat, manufacture, process, store and transport said oil, liquid hydrocarbons, gases and their respective constituent products and other products manufactured therefrom, and housing and otherwise caring for its employees, the following described land, together with any reversionary rights and after-acquired interest,

therein situated in County of Ellis State of Kansas described as follows to-wit:

## SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR PROPERTY DESCRIPTION.

In Section 36 Township 15 South Range 16 West and containing 320.00 acres, more or less, and all accretions thereto.

Subject to the provisions herein contained, this lease shall remain in force for a term of Three (3) years from this date (called "primary term") and as long thereafter as oil, liquid hydrocarbons, gas or other respective constituent products, or any of them, is produced from said land or land pooled therewith or this lease is otherwise maintained in effect pursuant to the provisions hereof.

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal one-eighth (1/8) part of all oil produced and saved from the leased premises.

2nd. To pay Lessor for gas, (including casinghead gas) of whatsoever nature or kind produced and sold, or used off the premises, or used in the manufacture of any products therefrom, one-eighth (1/8), at the market price at the well, (but, as to gas sold by Lessee, in no event more than one-eighth (1/8) of the net proceeds received by Lessee from such sales, such net proceeds to be less a proportionate part of the production, severance, or other excise taxes and the cost incurred by Lessee in delivering, treating for the removal of nitrogen, helium or other impurities in the gas, processing, compressing, or otherwise making any such gas merchantable) for the gas sold, used off the premises, or in the manufacture of products therefrom, said payments to be made monthly.

This lease may be maintained during the primary term hereof without further payment or drilling operations. If at the expiration of the primary term of this lease, oil or gas is not being produced on the leased premises or on acreage pooled or unitized therewith but Lessee is then engaged in drilling, reworking operations thereon, then this lease shall continue in force so long as operations are being continuously prosecuted on the leased premises or on acreage pooled or unitized therewith, and operations shall be considered to be continuously prosecuted if not more than one hundred and twenty (120) days shall elapse between the completion or abandonment of one well and the beginning of operations for the drilling of a subsequent well. If after discovery of oil or gas on the leased premises or on acreage pooled or unitized therewith, the production should cease from any cause after the primary term, this lease shall not terminate if Lessee commences additional drilling or reworking operations within one hundred and twenty (120) days from the date of cessation of production or from the date of completion of a dry hole. If oil or gas shall be discovered and produced as a result of such operations, this lease shall continue in full force and effect so long as oil or gas is produced from the leased premises or on acreage pooled or unitized therewith.

If after the primary term one or more wells on the lease premises or lands pooled or unitized therewith are capable of producing oil or gas or other substances covered hereby, but such well or wells are either shut in or production therefrom is not being sold by Lessee, such well or wells shall nevertheless be deemed to be producing for the purpose of maintaining the lease. If for a period of ninety (90) consecutive days such well or wells are shut in or production therefrom is not sold by Lessee, the Lessee shall pay an aggregate shut-in royalty of One Dollar (\$1.00) per acre then covered by this lease, such payment to be made to Lessor on or before the anniversary date of this lease next ensuing after the expiration of the said ninety (90) day period and thereafter on or before each anniversary date of this lease while the well or wells are shut in or production therefrom is not being sold by Lessee; provided that if this lease is in its primary term or otherwise being maintained by operations, or if production is being sold by Lessee from another well on the leased premises or lands pooled or unitized therewith, no shut-in royalty shall be due until the end of the next following anniversary date of this lease that cessation of such operations or production occurs, as the case may be. Lessee's failure to properly pay shut-in royalty shall render Lessee liable for the amount due, but shall not operate to terminate this lease.

If said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties (including any shut-in royalties) herein provided for shall be paid the said lessor only in the proportion which lessor's interest bears to the whole and undivided fee.

Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for lessee's operation thereon, except water from the wells of lessor.

When requested by lessor, lessee shall bury lessee's pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of lessor.

Lessee shall pay for damages caused by lessee's operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of rentals or royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

Lessee may at any time execute and deliver to lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages, for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation, including restrictions on the drilling and production of wells, and regulation of the price or transportation of oil, gas or other substance covered hereby. When drilling, reworking, production or other operations or obligations under this lease are prevented or delayed by such laws, rules, regulations or orders, or by inability to obtain necessary permits, equipment, services, material, water, electricity, fuel, access or easements, or by an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood or other act of nature, explosion, governmental action, governmental delay, restraint or inaction, or by inability to obtain a satisfactory market for production, or failure of purchasers or carriers to take or transport such production, or by any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within control of Lessee, this lease shall not terminate because of such prevention or delay, and, at Lessee's option, the period of such prevention or delay shall be added to the term hereof. Lessee shall not be liable for breach of any provision or implied covenants of this lease when drilling, production, or other operations are so prevented or delayed.

Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the lessee shall have the right at any time to redeem for lessor, by payment any mortgages, taxes or other liens on the above described lands, in the event of default of payment by lessor, and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any way affect the purposes for which this lease is made, as recited herein.

Lessee, at its option, is hereby given the right and power to pool, unitize or combine the acreage covered by this lease or any portion thereof with other land, lease or leases in the immediate vicinity thereof, when in lessee's judgment it is necessary or advisable to do so in order to properly develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced from said premises, such pooling or unitization to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled or unitized acreage. The entire acreage so pooled or unitized into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as if it were included in this lease. If production is found on the pooled or unitized acreage, it shall be treated as if production is had from this lease, whether the well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, lessor shall receive on production from a unit so pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty interest therein on an acreage basis bears to the total acreage so pooled or unitized in the particular unit involved.

This lease may be signed in any number or numbers of counterparts and shall be effective as to each Lessor on execution hereof as to his or her interest and shall be binding on those signing, notwithstanding some of the Lessors above named who may not have joined in the execution hereof. The word "Lessor" as used in this lease shall mean the party or parties who execute this lease as Lessor, although not named above.

Lessee shall have the exclusive right to explore the land herein described by geological, geophysical or other methods, whether similar to those herein specified or not and whether now known or not, including the drilling of holes, use of torsion balance, seismograph explosions, magnetometer, or other geophysical or geological instruments, tests or procedures, for the purpose of securing geological and geophysical information. All information obtained by Lessee as a result of such activity shall be the exclusive property of Lessee, and Lessee may disseminate or sell such information without Lessor's consent. Lessor and Lessee herein agree that a portion of the consideration paid herein is for advance payment of usual and customary damages associated with seismograph operations (ie: tire tracks in the wheat, pasture or field, road use, compaction etc.). If any extraordinary damages should occur, at Lessor's discretion, Lessor or its tenant (if Lessor has a tenant) will be compensated accordingly, or Lessee may elect to repair the damages in lieu of compensation.

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF FOR ADDITIONAL TERMS AND PROVISIONS.

IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.

  
 DENNIS BOXBERGER

BOOK 668 PAGE 487

**EXHIBIT "A"**

Attached to and made a part of that Certain Oil and Gas Lease dated August 1, 2006, by and between, DENNIS BOXBERGER, a single person, as Lessor, and SAMUEL GARY, JR. & ASSOCIATES, INC., as Lessee.

**PROPERTY DESCRIPTION:**

**TOWNSHIP 15 SOUTH – RANGE 16 WEST**

**SECTION 36:**

That certain tract or parcel of land estimated to contain 320.00 acres, more or less, and being described as the East Half (E/2) of Section 36, Township 15 South, Range 16 West, Ellis County, Kansas. ✓

It is the intention of this lease to cover and include any mineral interest which the Lessor may own in and to the above described tract, including streets, roads, canals, drainage ditches, rights of way or other servitudes, including, but not limited to, any reversionary interest which Lessor may acquire in the same, by prescription of nonuse.

**ADDITIONAL TERMS AND PROVISIONS:**

1. Lessee shall pay all damages, caused by Lessee's operations hereunder to crops, including grass, and restore as nearly as practical, said premises to the same conditions and contour as previously existed, upon termination of this lease.
2. Lessee agrees herein to bury all pipelines to a depth below ordinary plow depth, and in no case shall any such pipeline constructed herein be buried less than thirty-six (36) inches.
3. Lessee is hereby granted the option to extend the primary term of this lease for an additional two (2) years from the expiration of the original primary term. This option may be exercised by Lessee, in total, on or before the expiration date of lease by paying and delivering to Lessor at the above address, the sum of \$12 per acre covered by the lease. In the event Lessee exercises this option, Lessee must renew all acreage covered by this lease. Should this option be exercised as herein provided, it shall be considered for all purposes as though this lease originally provided for a term of five (5) years.
4. In addition to the other provisions set forth herein, it is agreed and understood, the Lessee shall pay all damages caused by Lessee in investigating, exploring by geophysical and other means, drilling or operating for production of oil or gas upon the subject land that is enrolled in the Conservation Reserve Program including but not limited to all liquidated damages, all repayment of annual payments, all repayment of cost share for cover crop, all repayments for cost share for grass seed and planting thereof, and any and all payments of penalty or interest together with all loss of payments through the Conservation Reserve Program. These payments would be in addition to other damage provisions provided in this lease.



Conservation Division  
Finney State Office Building  
130 S. Market, Rm. 2078  
Wichita, KS 67202-3802



phone: 316-337-6200  
fax: 316-337-6211  
<http://kcc.ks.gov/>

Thomas E. Wright, Chairman  
Ward Loyd, Commissioner

Corporation Commission

Sam Brownback, Governor

March 16, 2011

NEIL SHARP  
Samuel Gary Jr. & Associates, Inc.  
1515 WYNKOOP, STE 700  
DENVER, CO 80202

Re: Drilling Pit Application  
MILLER ET AL 1-31  
NW/4 Sec.31-15S-15W  
Russell County, Kansas

Dear NEIL SHARP:

District staff has inspected the above referenced location and has determined that the reserve pit shall be kept away from draw/drainage, constructed **without slots**, the bottom shall be flat and reasonably level, and the free fluids must be removed. The fluids are to be removed from the reserve pit as soon as practical after drilling operations have ceased.

**If production casing is set all completion fluids shall be removed from the working pits daily. NO completion fluids or non-exempt wastes shall be placed in the reserve pit.**

The fluids should be taken to an authorized disposal well. Please call the District Office at (785) 625-0550 when the fluids have been removed. Please file form CDP-5 (August 2008), Exploration and Production Waste Transfer, through KOLAR within 30 days of fluid removal.

**A copy of this letter should be posted in the doghouse along with the approved Intent to Drill.** If you have any questions or concerns please feel free to contact the District Office at (785) 625-0550.